

Bienville Parish Recreation District No. 1
Arcadia, Louisiana

Annual Financial Statements
As of December 31, 2011 and for the Year Then Ended

Bienville Parish Recreation District No. 1
Annual Financial Statements
As of and for the Year Ended December 31, 2011
With Supplemental Information Schedules

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Bienville Parish Recreation District No. 1
Management's Discussion and Analysis
For the Year Ended December 31, 2011

As Management of the Bienville Parish Recreation District No. 1 (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District as of and for the year ended December 31, 2011. We encourage readers to consider the information presented here in conjunction with the District's basic financial statements and supplementary information provided in this report in assessing the efficiency and effectiveness of our stewardship of public resources.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* ("GASB No. 34") issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

The assets of the District exceeded its liabilities at December 31, 2011, by \$1,507,220 (net assets).

The District's net assets decreased by \$2,724 as a result of this year's operations.

Total net assets are comprised of the following:

Capital assets of \$1,010,804 which includes property and equipment, net of accumulated depreciation and related debt.

Unrestricted net assets of \$496,416 represent the portion available to maintain the District's continuing obligations to citizens and creditors.

At December 31, 2011, the District's governmental funds consist solely of the District's general fund. The District's governmental funds reported a total ending fund balance of \$496,416, an increase of \$26,179 including expenditures for capital assets. The entire fund balance is unreserved available for spending at the District's discretion.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis is intended to serve as an introduction to the District's basic financial statements. In accordance with GASB No. 34, the District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements. The government-wide financial statements of the District report information about the District using accounting methods similar to those used by private sector companies. They present the financial picture of the District from an economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the District (including capital assets) as well as all liabilities (including long-term obligations).

The *Statement of Net Assets* presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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The *Statement of Activities* presents the current year's revenues and expenses and other information showing how the District's net assets changed during the year. The change in net assets is reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements are presented on pages 8 and 10 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are categorized as governmental funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as, on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains one individual governmental fund - the general fund. The District adopts an annual appropriated budget for the general fund, and a budgetary comparison schedule is provided for the general fund to demonstrate compliance with this budget.

The governmental fund financial statements are presented on pages 8 and 10 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget presentation. The general fund's budgetary comparison schedule is included as "required supplementary information." Required supplementary information is information that the accounting rules strongly suggest be presented within the District's financial report. This schedule demonstrates compliance with the District's adopted and final revised budget.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The District implemented the new financial reporting model used in this report beginning with the current calendar year ended December 31, 2011. Over time, as we accumulate year-to-year financial information on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the District as a whole.

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The District's net assets at December 31, 2011, are summarized as follows:

The largest components of the Districts' total assets are: (1) capital assets (e.g., land, building, and improvements and equipments, net of accumulated depreciation) of \$1,010,804 or 66%; (2); and receivables of \$306,545 or 20%. Of the District's total liabilities, the largest component is accounts, salaries, and other payables of \$8,275 or 51%.

As noted earlier, net assets (total assets less total liabilities) may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, the District's net assets totaled \$1,507,220. A portion of the District's net assets reflect its investments in capital assets (e.g., building, land, and equipment). Capital assets are non-liquid assets and cannot be utilized to satisfy the District's obligations. The unrestricted net assets of the District are available for future use. The unrestricted net assets is more than the total operating expenses for the fiscal year ended December 31, 2011, which indicate that the District should be able to operate for at least 12 months using its unrestricted net assets.

The following is a condensed statement of the District's governmental-type activities net assets as of December 31, 2011:

| | <u>2011</u> | <u>2010</u> |
|---------------------------------|--------------------|--------------------|
| Assets | | |
| Current & Other Assets | \$512,755 | \$523,117 |
| Capital Assets (net) | <u>1,010,804</u> | <u>1,045,945</u> |
| Total Assets | <u>\$1,523,559</u> | <u>\$1,569,062</u> |
| Liabilities | | |
| Other Liabilities | \$8,275 | \$59,118 |
| Unearned revenue | <u>8,064</u> | <u>0</u> |
| Total Liabilities | <u>16,339</u> | <u>59,118</u> |
| Net Assets | | |
| Invested in capital assets, net | 1,010,804 | 1,039,707 |
| Unrestricted | <u>496,416</u> | <u>470,237</u> |
| Total Net Assets | <u>\$1,507,220</u> | <u>\$1,509,944</u> |

Governmental activities decreased net assets by \$2,724 for the year ended December 31, 2011.

Key elements of the analysis of government-wide revenues and expenses reflect the following:

The District is heavily dependent on property taxes to support its operations. Property taxes provided 52% of the District's total revenues. The District's operations are heavily staff oriented. As a result, employee salaries and benefits make up approximately 45% of the total expenses. Operating Services expenses comprise 49% of total expenses.

The following is a summary of the governmental-type statement of activities:

| | <u>2011</u> | <u>2010</u> |
|-----------------------------|----------------|----------------|
| Revenue | | |
| Program Revenue | \$265,546 | \$222,584 |
| General Revenue & Transfers | <u>299,944</u> | <u>339,135</u> |
| Total Revenue | <u>565,490</u> | <u>561,719</u> |

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| | <u>2011</u> | <u>2010</u> |
|-----------------------------------|--------------------|--------------------|
| Expenses | | |
| Program Expenses | 568,214 | 636,328 |
| Total Expenses | <u>568,214</u> | <u>636,328</u> |
| Increase (Decrease) in Net Assets | (2,724) | (74,609) |
| Net Assets, December 31, 2010 | <u>1,509,944</u> | <u>1,584,553</u> |
| Net Assets, December 31, 2011 | <u>\$1,507,220</u> | <u>\$1,509,944</u> |

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The financial statements of the District present its General Fund. The General Fund is the District's operating fund and the source of day-to-day service delivery. As discussed, the General Fund is useful in assessing the resources available at the end of the year in comparison with upcoming requirements.

At December 31, 2011, the District's General Fund balance (total assets less total liabilities) totaled \$496,416. The District's unreserved fund balance increased by \$26,179 in 2011.

Total operating revenues reflect a 19% (\$42,962) increase in 2011 as compared to 2010 due primarily to increases in concessions and fees, charges and commissions.

Total operating expenses, including capital outlay, decreased by 25% (\$177,520) from 2010 to 2011. The most significant decreases in expenditures occurred in operating services which decreased by \$77,796 and capital outlay which decreased by \$106,366.

GENERAL BUDGETARY ANALYSIS

The District employs formal budgetary integration as a management control device during the year. Budgeted amounts included in the Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget (Non-GAAP Basis) and Actual (Budgetary Basis) include the original adopted budget amounts and the final amended budget amounts. Original budgets for each year are adopted on or before December 31 of the year preceding the budget year. The original budget is based on estimated revenues, estimated expenses, and other financial information known to the District at the time of the adoption of the budget. Amendments to the original budget are made throughout the year as changes in operations, in expected funding levels, and in estimated expenditures occur. The final amended budget is prepared at the time the District anticipates no additional significant increases or decreases in revenues and expenses for the year and no expected changes in operations.

The difference between the final amended budgeted revenues and actual revenues for the year ended December 31, 2011, totaled \$13,404, a 2% positive variance. The actual expenditures were less than the final amended budgeted expenditures for the year ended December 31, 2011, by \$18,243, a 3% positive variance.

CAPITAL ASSETS AND LONG-TERM OBLIGATIONS

Capital Assets

At the end of December 31, 2011, the District had invested in various capital assets, including equipment, buildings, improvements, and land. The capital assets are summarized below:

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| | |
|----------------------------------|--------------------|
| Depreciable Assets: | |
| Buildings | \$111,830 |
| Equipment | 286,261 |
| Improvements | 867,896 |
| Land | <u>400,000</u> |
| Totals | 1,665,987 |
| Less Accumulated Depreciation | <u>655,183</u> |
| Book-Value of Depreciable Assets | <u>\$1,010,804</u> |

ECONOMIC FACTORS AND FUTURE OUTLOOK

The District's budgeted revenues and expenditures for 2012 are comparable to 2011's actual revenues and expenditures. The District does not anticipate any changes in its day-to-day operations that will have a material effect on its 2012 budget.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to show its accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jonathan Harris, at the District's office, 400 Trails End Road, Arcadia, Louisiana 71001 or call at (318) 263-7420.

EDWARDS, WADE & PERRY

Certified Public Accountants

A Professional Accounting Corporation

Members: AICPA / Society of LCPA's

Independent Auditor's Report

Board of Commissioners
Bienville Parish Recreation District No. 1
Arcadia, Louisiana

We have audited the accompanying financial statements of the business-type activities and each major fund of Bienville Parish Recreation District No. 1 ("District"), as of and for the year ended December 31, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the District, as of December 31, 2011, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 12, 2012, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The required supplementary information as indicated in the table of contents on pages 1 through 5 and 19 through 20 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information, as referenced in the table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Edwards, Wade & Perry

Ruston, Louisiana
June 12, 2012

Bienville Recreation District No. 1
 Governmental Funds Balance Sheet/Statement of Net Assets
 December 31, 2011

| | General Fund | Adjustments (Note 1) | Statement of Net Assets |
|---|------------------|-------------------------|----------------------------|
| ASSETS | | | |
| Cash and investments | \$189,377 | | \$189,377 |
| Receivables | 306,545 | | 306,545 |
| Inventory | 16,833 | | 16,833 |
| Capital assets (net) | | \$1,010,804 | 1,010,804 |
| TOTAL ASSETS | \$512,755 | \$1,010,804 | \$1,523,559 |
| LIABILITIES | | | |
| Accounts, salaries, and other payables | \$8,275 | | \$8,275 |
| Unearned revenue | 8,064 | | 8,064 |
| Total Liabilities | 16,339 | 0 | 16,339 |
| FUND BALANCES | | | |
| Unreserved, reported in General fund | 496,416 | (\$496,416) | 0 |
| Total Fund Balances | 496,416 | (496,416) | 0 |
| TOTAL LIABILITIES AND FUND BALANCES | \$512,755 | | |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | | 1,010,804 | 1,010,804 |
| Unrestricted | | 496,416 | 496,416 |
| TOTAL NET ASSETS | | \$1,507,220 | \$1,507,220 |

The accompanying notes are an integral part of this statement.

Bienville Recreation District No. 1
 Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Assets
 December 31, 2011

Amounts reported for governmental activities in the Statement of Net Assets are different because:

| | | |
|---|------------------|--------------------|
| Fund balances, Total governmental funds (Statement A) | | \$496,416 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. | | |
| Governmental capital assets | \$1,665,987 | |
| Less accumulated depreciation | <u>(655,183)</u> | 1,010,804 |
| Less Capital lease obligation, net | | <u>0</u> |
| Net Assets of Governmental Activities (Statement A) | | <u>\$1,507,220</u> |

The accompanying notes are an integral part of this statement.

Bienville Recreation District No. 1
 Statement of Governmental Fund Revenues,
 Expenditures, and Changes in Fund Balances/
 Statement of Activities
 For the Year Ended December 31, 2011

| | General Fund | Adjustments (Note 1) | Statement of Activities |
|---|------------------|-------------------------|----------------------------|
| Expenditures/Expenses | | | |
| General government - culture and recreation: | | | |
| Personnel services | \$244,669 | | \$244,669 |
| Operating services | 263,809 | | 263,809 |
| Materials and supplies | 10,789 | | 10,789 |
| Travel and other charges | 414 | | 414 |
| Depreciation | 0 | \$48,394 | 48,394 |
| Debt service | 6,377 | (6,238) | 139 |
| Capital outlay | 15,013 | (15,013) | 0 |
| Total Expenditures/Expenses | <u>541,071</u> | <u>27,143</u> | <u>568,214</u> |
| Program Revenues | | | |
| Fees, charges, and commissions | 219,790 | | 219,790 |
| Concessions | 45,756 | | 45,756 |
| Net Program Expense | | | <u>(302,668)</u> |
| General Revenues | | | |
| Property taxes | 293,157 | | 293,157 |
| State revenue sharing | 3,296 | | 3,296 |
| Use of money and property | 2,321 | | 2,321 |
| Other revenues | 729 | | 729 |
| Sale of capital assets/Gain (loss) | 2,201 | (1,760) | 441 |
| Total General Revenues | <u>301,704</u> | <u>(1,760)</u> | <u>299,944</u> |
| EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES | 26,179 | (26,179) | |
| CHANGE IN NET ASSETS | | (2,724) | (2,724) |
| FUND BALANCE/NET ASSETS: | | | |
| Beginning of Year | <u>470,237</u> | | <u>1,509,944</u> |
| End of Year | <u>\$496,416</u> | | <u>\$1,507,220</u> |

The accompanying notes are an integral part of this statement.

Bienville Recreation District No. 1
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Year Ended December 31, 2011

Amounts reported for governmental activities in the Statement of Activities are different because:

| | |
|--|-------------------------|
| Net Change in Fund Balances, Total governmental funds (Statement C) | \$26,179 |
| When recognizing the sale of capital assets, governmental funds report the total proceeds of the sale. Only the gain or loss on the sale is reported on the Statement of Net Assets. | (1,760) |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$15,013) exceed depreciation (\$48,394) in the current period. | (33,381) |
| Debt service payments for principal is an expenditure in the governmental funds, but principal payments reduce long-term liabilities in the Statement of Net Assets. | <u>6,238</u> |
| Change in Net Assets of Governmental Activities, Statement C | <u><u>(\$2,724)</u></u> |

The accompanying notes are an integral part of this statement.

Bienville Parish Recreation District No. 1
Notes to the Financial Statements
As of and for the Year Ended December 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Bienville Parish Recreation District No. 1 (the District) was created by the Bienville Parish Police Jury as authorized by Louisiana Revised Statute 33:4562. The District is governed by a five member board appointed by the police jury. The District owns and operates recreational facilities and engages in activities designed to encourage recreation and promote the general health and well being of the community's youth.

A. BASIS OF PRESENTATION

The accompanying basic financial statements of the District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis—for State and Local Governments*, issued in June 1999. Certain of the significant changes in the Statement include the following:

- * A Management Discussion and Analysis (MD&A) section providing an analysis of the District's overall financial position and results of operations;
- * Financial statements prepared using full accrual accounting for all of the District's activities; and
- * A change in the fund financial statements to focus on the major funds.

B. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the Bienville Parish Police Jury is the financial reporting entity for Bienville Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Bienville Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and:
 - a. The ability of the police jury to impose its will on that organization and/or;
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.

Bienville Parish Recreation District No. 1
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As of and for the Year Ended December 31, 2011

3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury appoints all board members of the District and can impose its will on the District, the District was determined to be a component unit of the Bienville Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. FUND ACCOUNTING

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District functions or activities. A fund is a separate fiscal and accounting entity with a self-balancing set of accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures.

Governmental Funds

Governmental funds account for all or most of the District's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the District. The following are the District's governmental funds:

General Fund - The primary operating fund of the District, it accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to the District's policy.

D. CAPITAL ASSETS

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Approximately 9% of fixed assets are valued at estimated historical costs based on actual costs of like items while the remaining 91% are based on actual historical costs. The district maintains a threshold level of \$1,000 or more for capitalizing capital assets.

Capital assets and related expenses are recorded in the Statement of Net Assets and Statement of Activities, respectively, but are not reported in the fund financial statements. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets are depreciated using the straight-line method over the following useful lives:

| <u>Description</u> | <u>Estimated Lives</u> |
|--------------------|------------------------|
| Improvements | 20-40 years |
| Buildings | 25 years |
| Equipment | 5-15 years |

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E. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Fund Financial Statements (FFS)

The amounts reflected in the General Fund of Statements A and B are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the District's operations.

The amounts reflected in the General Fund of Statements A and B use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Ad valorem taxes and the related state revenue sharing are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1993 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are normally collected in December of the current year and January through the tax sale of the ensuing year. Interest income on interest bearing demand deposits is recorded at the end of the month when credited by the bank. Interest income on time deposits is recorded when the time deposits have matured and the interest is available.

Based on the above criteria, ad valorem taxes and state revenue sharing have been treated as susceptible to accrual.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for compensated absences, which are recognized when paid.

Government-Wide Financial Statements (GWFS)

The column labeled Statement of Net Assets (Statement A) and the column labeled Statement of Activities (Statement B) display information about the District as a whole. These statements include all the financial activities of the District. Information contained in these columns reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is

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received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Reconciliation

The reconciliation of the items reflected in the funds columns to the Statement of Activities (Statement C) and Statement of Net Assets (Statement A) are as follows:

| | |
|--|------------------|
| Net change in fund balance | \$26,179 |
| Capital outlay recorded as expenditures | 15,013 |
| Depreciation expense | (48,394) |
| Difference between sale of asset and gain/loss | (1,760) |
| Debt service recorded as expenditures | <u>6,238</u> |
| Change in net assets | <u>(\$2,724)</u> |

F. CASH AND CASH EQUIVALENTS

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The District may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

At December 31, 2011, the District has cash and cash equivalents (book balances) totaling \$189,377, as follows:

| | |
|-----------------|------------------|
| Demand deposits | \$37,901 |
| Time deposits | <u>151,476</u> |
| Total | <u>\$189,377</u> |

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2011, the District has \$192,871 in deposits (collected bank balances). These deposits are secured from risk by \$192,871 of federal deposit insurance and \$0 of pledged securities held by the custodial bank in the name of the fiscal agent bank. (GASB Category 3).

G. INVENTORY

Inventory in the General Fund consists of expendable supplies held for consumption. Inventories are valued at the lower of cost (first-in, first-out) or market.

Bienville Parish Recreation District No. 1
Notes to the Financial Statements
As of and for the Year Ended December 31, 2011

H. RISK MANAGEMENT

The District is exposed to various risk of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; and injuries to employees. To handle such risk of loss, the District maintains commercial insurance policies covering: property and commercial general liability insurance, crime, and inland marine. Also, the District maintains director and officer liability, worker's compensation, a mobile home policy, and employers liability insurance. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amount.

2. LEVIED TAXES

The District has an authorized tax millage of 3.52 mills which is restricted by tax proposition, to operation and maintenance of the recreational facilities of the District. The tax is due to expire with the 2011 tax roll. For the year ended December 31, 2011, the District levied 3.28 mills as a result of reassessments of taxable property as required by Article 7, Section 18 of the Louisiana Constitution of 1974.

The following are the principal taxpayers for the parish and their 2011 assessed valuation (amounts expressed in thousands):

| <u>Taxpayer</u> | <u>Type of business</u> | <u>Assessed Valuation</u> | <u>% of Total Assessed Valuation</u> |
|---------------------|-------------------------|-------------------------------|--|
| Regency Intrastate | Oil and gas | 14,505,530 | 14.47% |
| Bear Creek Storage | Storage facility | 13,187,250 | 13.16% |
| El Paso E&P Company | Oil and gas | 8,499,410 | 8.48% |
| Total | | <u>36,192,190</u> | <u>36.11%</u> |

3. RECEIVABLES

The receivables of \$306,545 at December 31, 2011 consist solely of ad valorem taxes.

4. CHANGES IN GENERAL FIXED ASSETS

The following schedule presents changes in capital assets for the year ended December 31, 2011:

| | <u>12/31/2010 Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>12/31/2011 Balance</u> |
|--|-------------------------------|------------------|------------------|-------------------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | <u>\$400,000</u> | | | <u>\$400,000</u> |
| Total capital assets not being depreciated | <u>400,000</u> | <u>0</u> | <u>0</u> | <u>400,000</u> |
| Capital assets being depreciated: | | | | |
| Buildings | 117,330 | | (5,500) | 111,830 |
| Improvements | 854,423 | \$13,473 | | 867,896 |
| Equipment | 284,722 | 1,540 | | 286,262 |
| Total capital assets being depreciated | <u>1,256,475</u> | <u>15,013</u> | <u>(5,500)</u> | <u>1,265,988</u> |

Bienville Parish Recreation District No. 1
Notes to the Financial Statements
As of and for the Year Ended December 31, 2011

| | <u>12/31/2010</u> <u>Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>12/31/2011</u> <u>Balance</u> |
|---|-------------------------------------|-------------------|------------------|-------------------------------------|
| Less: | | | | |
| accumulated depreciation | 610,530 | 48,394 | (3,740) | 655,184 |
| Total capital assets being depreciated, net | <u>\$1,045,945</u> | <u>(\$33,381)</u> | <u>(\$1,760)</u> | <u>\$1,010,804</u> |

5. LEASES

On August 15, 2007, the District entered into a 60-month lease for 40 golf carts to be used by the golf course. The lease requires 60 monthly payments of \$2,466 each beginning in August, 2007. At December 31, 2011, the future minimum lease payments are summarized as follows:

| | |
|---------------------------------|-----------------|
| Fiscal year ending December 31: | |
| 2012 | <u>\$19,728</u> |
| Total minimum lease payments | <u>\$19,728</u> |

In July 23, 2009, the District entered into a 48-month lease for a Toro Reelnaster 6700D with attachments to be used by the golf course. The lease requires 48 monthly payments of \$900 each beginning in July, 2009.

6. LITIGATION AND CLAIMS

The District is not involved in any litigation at December 31, 2011, nor is it aware of any unasserted claims.

REQUIRED SUPPLEMENTAL INFORMATION

Bienville Parish Recreation District No. 1
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balances - Budget and Actual (Non-GAAP)
 For the Year Ended December 31, 2011

| | Budgeted Amounts | | Actual Amounts Cash Basis | Favorable (Unfavorable) Variance |
|--|------------------|-----------|------------------------------|--|
| | Original | Final | | |
| REVENUES | | | | |
| Program revenues: | | | | |
| Fees, charges, and commissions | \$225,000 | \$216,000 | \$219,790 | \$3,790 |
| Concessions | 60,000 | 45,000 | 45,756 | 756 |
| General revenues: | | | | |
| Ad valorem taxes | 305,000 | 303,000 | 313,261 | 10,261 |
| State revenue sharing | 3,000 | 1,125 | 3,296 | 2,171 |
| Use of money and property | 5,000 | 6,300 | 2,321 | (3,979) |
| Other revenues | | 325 | 729 | 404 |
| Sales of fixed assets | | 2,200 | 2,201 | 1 |
| Total Revenues | 598,000 | 573,950 | 587,354 | 13,404 |
| EXPENDITURES | | | | |
| General government - culture and recreation: | | | | |
| Personnel services | 280,000 | 244,250 | 244,669 | (419) |
| Operating services | 248,500 | 292,305 | 300,350 | (8,045) |
| Materials and supplies | 3,500 | 12,000 | 10,789 | 1,211 |
| Travel and other charges | 1,000 | 400 | 414 | (14) |
| Debt service | 15,000 | 6,400 | 6,377 | 23 |
| Capital outlay | 50,000 | 40,500 | 15,013 | 25,487 |
| Total Expenditures | 598,000 | 595,855 | 577,612 | 18,243 |
| Excess (Deficiency) of Revenues over (under) Expenditures | | | | |
| | 0 | (21,905) | 9,742 | 31,647 |
| Fund Balance (Deficit) at Beginning of Year | 526,847 | 526,847 | 526,847 | 0 |
| Fund Balance (Deficit) at End of Year | \$526,847 | \$504,942 | \$536,589 | \$31,647 |

Bienville Recreation District No. 1
Notes to the Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Budget and Actual (Non-GAAP)
For the Year Ended December 31, 2011

NOTE A - BUDGETARY POLICIES

The proposed budget for the General Fund, prepared on the cash basis of accounting, is published in the official journal at least ten days prior to the public hearing and is made available for public inspection at least fifteen days prior to the beginning of each fiscal year. A public hearing is held at the District's office for comments from taxpayers. The budget is then legally adopted by the District and amended during the year, as necessary. The budget is established and controlled by the District at the object level of expenditure. Appropriations lapse at year-end and must be re-appropriated for the following year to be expended. All changes in the budget must be approved by the District.

Formal budgetary integration is employed as a management control device during the year. Budgeted amounts included in the budget comparison accompanying the financial statements include the original adopted budget amount and all subsequent amendments. Encumbrance accounting is not used by the District.

NOTE B – EXPLANATION OF DIFFERENCES BETWEEN BUDGETARY INFLOWS AND OUTFLOWS AND GAAP REVENUES AND EXPENDITURES

Source/inflows of resources

| | |
|--|-----------|
| Actual amounts (budgetary basis) "Total Revenues" from Schedule 1. | \$587,354 |
|--|-----------|

Differences - budget to GAAP:

| | |
|--|-----------------|
| The District budgets for property tax revenue and state revenue sharing only to the extent expected to be received, rather than on the modified accrual basis. | <u>(20,104)</u> |
|--|-----------------|

| | |
|---|------------------|
| Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds. | <u>\$567,250</u> |
|---|------------------|

Uses/outflows of resources

| | |
|--|-----------|
| Actual amounts (budgetary basis) "Total Expenditures" from the Schedule 1. | \$577,612 |
|--|-----------|

Differences - budget to GAAP:

| | |
|--|---------------|
| The District budgets for operating expenditures only to the extent expected to be paid, rather than on the modified accrual basis. | <u>36,541</u> |
|--|---------------|

| | |
|---|------------------|
| Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds. | <u>\$541,071</u> |
|---|------------------|

EDWARDS, WADE & PERRY

Certified Public Accountants

A Professional Accounting Corporation

Members: AICPA / Society of LCPA's

REPORT ON COMPLIANCE AND OTHER MATTERS AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Commissioners
Bienville Recreation District No. 1
Arcadia, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bienville Recreation District No. 1 as of and for the year ended December 31, 2011, which collectively comprise the Bienville Recreation District No. 1's basic financial statements and have issued our report thereon dated June 12, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Bienville Recreation District No. 1's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bienville Recreation District No. 1's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Bienville Recreation District No. 1's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies in internal control over financial reporting. 2011-1. A *significant deficiency* is a

deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bienville Recreation District No. 1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Bienville Recreation District No. 1's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit Bienville Recreation District No. 1's response and, accordingly, we express no opinion on it.

This report is intended for the information and use of management, the district board, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Edwards, Wade & Perry

Ruston, Louisiana
June 12, 2012

Bienville Recreation District No. 1
Schedule of Findings and Responses
For the Year Ended December 31, 2011

We have audited the financial statements of Bienville Recreation District No. 1 as of and for the year ended December 31, 2011, and have issued our report thereon dated June 12, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 12, 2012 resulted in an unqualified opinion. The following is a summary of our audit observations on internal control, tests of compliance, and findings related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*:

A. Summary of Audit Results

1. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses ☐ Yes ☒ No Significant Deficiency ☒ Yes ☐ No

Compliance

Compliance Material to Financial Statements ☐ Yes ☒ No

2. Federal Awards

Internal Control

Material Weaknesses ☐ Yes ☒ No Reportable ☐ Yes ☒ NoType of Opinion On Compliance
For Major ProgramsUnqualified ☐
Disclaimer ☐Qualified ☐
Adverse ☐Are their findings required to be reported in accordance with Circular A-133, Section .510(a)?
☐ Yes ☒ No

Was a management letter issued?

☐ Yes ☒ No

3. Identification of Major Programs:

CFDA Number(s)Name of Federal Program (or Cluster)N/ADollar threshold used to distinguish between Type A and Type B Programs: \$ 300,000Is the auditee a "low-risk" auditee, as defined by OMB Circular A-133? ☐ Yes ☒ No

B. Financial Statements Findings

- 11-1. Lack of segregation of duties - Due to limited personnel, the District does not have an adequate segregation of duties regarding its accounting and reporting system to maintain a complete system of internal control.

Recommendation: We recommend that it would not be cost effective for the District to hire additional personnel to resolve this problem. Also we recommend the district consider the costs and benefits of separation of duties between personnel to ensure that internal controls are maintained as effectively as is possible with limited staff.

Corrective Action Plan: Management is aware of the problem of segregation of duties and will continue to develop and implement internal control procedures to offset this inherent problem associated with being a small entity.

C. Federal Award Findings and Questioned Costs

None

Bienville Recreation District No. 1
Summary of Prior Year Findings
For the Year Ended December 31, 2011

A. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

10-1. Lack of segregation of duties

Status: Unresolved - see 11-1

B. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

None

C. MANAGEMENT LETTER

None